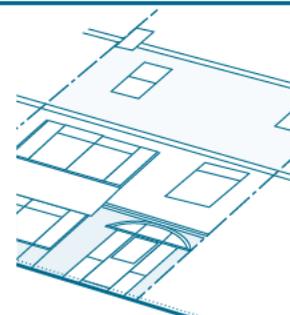

Summary



Key messages

- 1** Good progress has been made towards the Scottish Government's ambitious target to deliver 50,000 new affordable homes between April 2016 and March 2021. Of these, 35,000 will be social rented homes provided by councils and Registered Social Landlords (RSLs). By December 2019, 31,136 homes had been completed including 20,336 homes for social rent. The Scottish Government plans to invest around £3.5 billion to meet the target. Over the first three years of the programme, it has spent around £1.9 billion. Councils and RSLs have also invested significant sums.
- 2** The Scottish Government reports that the March 2021 target is on track to be met. However, serious risks remain. These include a lack of capacity in the construction sector in some areas and the capacity of council planning and building control services. The planned rise of funding towards the end of the programme, and uncertainty about post-2021 funding, intensifies these risks.
- 3** Councils and their partners have welcomed the increased focus and investment on housing which will help them meet local priorities. Councils are generally working well with their partners, including RSLs, to plan and deliver affordable housing. But improvements are needed in the involvement of health and social care partners. While some councils demonstrate good tenant and community involvement, this needs to be more consistent. This will help ensure the wider benefits of the significant investment are maximised.
- 4** There is evidence that the investment is allowing councils to meet some housing needs in their areas, and some evidence of wider positive benefits to tenants, local communities, and the economy. However, there is no evidence available to show that councils' assessments of need informed the specific numbers and tenure balance of the Scottish Government's target. The Scottish Government did not clearly set out the wider outcomes it intended to achieve from its investment. This, alongside a lack of comprehensive reporting by the Scottish Government and councils on the impact of the investment, means that it is not possible to demonstrate value for money.
- 5** There are various barriers to the ongoing delivery of affordable housing, such as access to suitable land to develop with the necessary infrastructure. The Scottish Government, and councils, are aware of these barriers and are undertaking work to address them. The Scottish

Government has provided only limited information about the funding arrangements immediately post-2021. This uncertainty is affecting councils' and RSLs' ability to plan future developments and may result in a slowdown in the planning and supply of affordable housing. In developing its long-term vision for housing, the Scottish Government needs to make much clearer the ways in which new affordable housing is contributing to wider Scottish Government policy commitments. The Scottish Government should also better demonstrate how the impact and value for money of future investments will be assessed.

Recommendations

The Scottish Government and councils should:

- evaluate the impact of the current programme on housing needs and the economic impact of the investment in affordable housing
- work in partnership with RSLs to implement performance measures to demonstrate the value for money of new-build homes, and work to demonstrate the social value of investment.

Councils should:

- ensure consistent and early engagement with, and involvement of, tenants and the wider community in developing affordable housing plans to ensure they help to improve local outcomes
- ensure that their arrangements with health and social care partnerships maximise their input into the planning for, and investment in, affordable housing to meet health and social care priorities
- improve reporting on the delivery of affordable housing to demonstrate how housing needs have been met and how it is contributing to wider improved outcomes, including those listed in the national performance framework.

When planning for post-2021 investment, the Scottish Government should work with councils and RSLs to:

- clearly set out a long-term vision and funding arrangements beyond the parliamentary term
- clearly set out the outcomes it expects to achieve by its investment and how it will contribute to other policy objectives such as human rights and equalities; reducing homelessness, poverty and child poverty; improving health and wellbeing and responding to the climate emergency; as well as contributing to the national performance framework outcomes

- assess the contribution of funding streams for affordable housing on outcomes and review the grant funding distribution arrangements and grant subsidy benchmarks to ensure that they are fit for purpose and are aligned to meet the outcomes of investment
 - improve its reporting on the affordable housing supply investment programme to ensure information is as comprehensive as possible and includes the location of homes delivered within each council area
 - ensure that the data for understanding housing need at a national and local level is as robust as possible and use this data to more effectively inform future spending plans to make sure that the right homes are built in the right places
 - consider the appropriate balance between investing in new homes and improvements to existing homes, whilst ensuring that rent levels for existing tenants remain affordable.
-

Background

1. Affordable housing makes a substantial contribution to many Scottish Government policy areas such as health and wellbeing, homelessness, economic growth, reducing child poverty and supporting sustainable rural communities. It can also improve outcomes for communities.

2. The Scottish Government's affordable housing supply target is one of several objectives under the Scottish Government's More Homes approach which aims to increase the supply of new homes across Scotland. The More Homes approach sits within the wider context of the Scottish Government's four housing and regeneration outcomes. These are:

- a well-functioning housing system – availability of choice, homes people can afford and growth of supply
- high-quality sustainable homes – safe, warm resources – efficient and promoting wellbeing
- homes that meet people's needs – accessing and keeping a home supporting independent living
- sustainable communities – economically, physically and socially sustainable.

3. The Scottish Government has set a target to deliver 50,000 affordable homes, including 35,000 for social rent, between 2016/17 and 2020/21, which are funded through its Affordable Housing Supply Programme (AHSP). The delivery of affordable homes through the programme includes the following:

- Homes for social rent provided by councils and RSLs. RSLs are mainly housing associations or housing cooperatives that meet the legislative and regulatory criteria to be registered with the Scottish Housing Regulator.

- Homes for mid-market rent (MMR), which have higher rents than social rented housing, but lower rents than privately rented properties in the surrounding area. These homes are mainly provided by RSLs.
 - Homes for affordable home ownership, aimed at people who would not be able to buy a home without further financial support.
- 4.** Most of the affordable housing delivered under the programme will be new-build. However, the programme also funds 'rehabilitations', where existing properties are improved, and purchases of existing properties.
- 5.** The AHSP supports the delivery of affordable housing through several funding streams to councils, RSLs, other providers of housing and the public. The investment is shared between local programmes, which are planned in partnership with councils, and programmes managed centrally by the Scottish Government.
- 6.** Councils have important strategic roles. They are responsible for developing plans for local programmes for their own areas. These plans are then delivered by the councils, their RSL partners and, in some cases, through agreements with private house builders.
- 7.** The Scottish Housing Regulator is the independent regulator of social landlords in Scotland. Its role is to monitor, assess and report on social landlords' performance of housing services provided to tenants, people who are homeless, gypsy/travellers and factored owners. It also monitors, assesses and reports on the financial wellbeing and standards of governance in RSLs.

About this audit

- 8.** The aims of this audit are to:
- report on progress towards the Scottish Government's affordable housing target and assess what impact it has had
 - consider what more the Scottish Government and councils need to do to support the continued increase in affordable housing for those in need.
- 9.** The audit does not consider:
- wider housing affordability issues such as private rental costs or the Scottish housing market – it recognises, however, that these will have an impact on the availability and deliverability of affordable housing
 - Scottish Government and council investment into reducing homelessness – this is because there is significant scrutiny work ongoing through Parliament, the Scottish Housing Regulator (SHR) and Shelter Scotland around homelessness
 - housing and support services for older people beyond whether the housing delivered is fit for purpose within the context of an ageing population. The Accounts Commission and the Auditor General have committed to a further audit on this.

10. During our audit we:

- reviewed documents such as the Scottish Government guidance for councils, councils' strategic housing investment plans (SHIPs) and local housing strategies (LHSs)
- analysed Scottish Government data on the delivery of affordable housing
- carried out fieldwork in four case study councils: Aberdeenshire, Argyll and Bute, the City of Edinburgh and South Lanarkshire. In these areas we interviewed council officers responsible for housing strategy, planning and community engagement, elected members, tenants and RSLs operating in the area
- interviewed representatives from the Scottish Government's More Homes Scotland Division and other stakeholders such as the Association of Local Authority Chief Housing Officers (ALACHO)
- met with members of the Regional Network of Registered Tenants Organisations.

11. We used case studies to understand what is happening at a local level in a small number of council areas. We also obtained evidence of other councils' arrangements through interviews with stakeholders and by reviewing documents. We selected the case study areas based on the following criteria:

- a mixed sample of those operating in urban, rural and remote contexts
- councils with their own house building programmes
- one council which had transferred all its housing stock to RSLs
- councils receiving larger and smaller levels of funding contributions from the Scottish Government in 2019/20 and 2020/21
- councils which had overspent or underspent their contributions from the Scottish Government in 2017/18.

Where we have converted financial data into real terms throughout the report, we have based this on 2018/19 prices.

12. [Appendix 1 \(page 44\)](#) lists the members of our project advisory group, who gave feedback and advice at important stages of the audit.

Part 1

The affordable housing target



Key messages

- 1** The Scottish Government has an ambitious target for affordable housing and plans to invest around £3.5 billion to meet its target. The target is a response to evidence of the need for affordable housing, although defining affordable housing is complicated. There is no evidence to show that councils' assessments of need informed the specific numbers and tenure balance of the Scottish Government's target. The Scottish Government did not clearly set out what outcomes it expected to be improved from its investment.
- 2** Councils and RSLs have welcomed the increased focus and investment in housing which will help them to meet their local priorities. Councils have important strategic roles for planning new affordable housing in their areas. Within this complex planning system, they balance their knowledge of local need with what they can realistically achieve.
- 3** Good progress has been made towards the target. The Scottish Government is closely monitoring the target and reports that it is on track to be achieved. However, serious risks remain. Funding was planned to rise towards the end of the programme which increases the risks to the successful delivery of the target. These risks include a lack of capacity in the construction sector in some areas and the capacity of council planning and building control services. The lack of certainty on Scottish Government funding plans post-2021 also poses a risk to achieving the target.

The Scottish Government has an ambitious target to increase affordable housing supply

13. The Scottish Government's affordable housing supply target represents a substantial increase of 67 per cent compared with the previous target of 30,000 affordable homes ([Exhibit 1, page 11](#)). The Scottish Government is investing significant resources to meet its target. Between 2016/17 and 2020/21, the Scottish Government expects to invest around £3.5 billion in its Affordable Housing Supply Programme. This compares with £1.9 billion over the previous programme ([Exhibit 2, page 11](#)).

Exhibit 1

Scottish Government's affordable housing targets

The current targets are substantially greater than the previous targets.

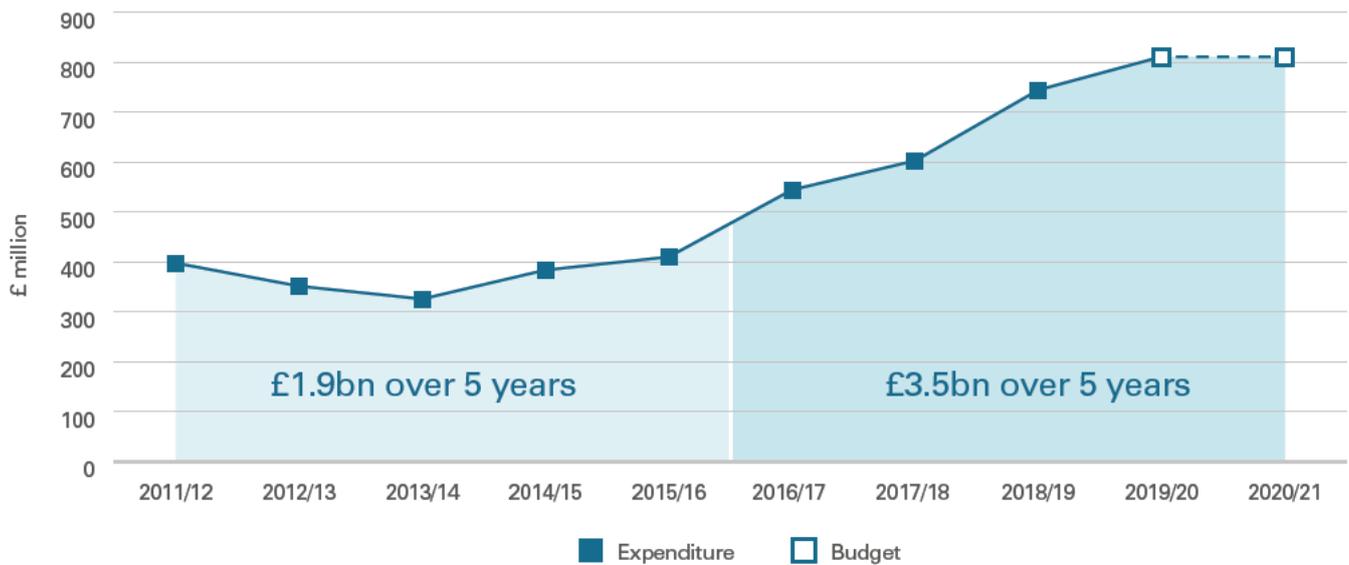


Source: Audit Scotland using Scottish Government Affordable Housing Supply Programme quarterly statistics

Exhibit 2

Scottish Government Affordable Housing Supply Programme expenditure and budget 2011/12 to 2020/21

Expenditure on the previous five-year programme was £1.9 billion. Planned spending for the current programme is 84 per cent higher at £3.5 billion.



Notes:

1. Values have been converted to real terms, with 2018/19 as the base year. From 2019/20 onwards these are forecast values of the GDP deflator.
2. Using the non-rounded figures, the percentage increase from the previous programme is 88 per cent.
3. The Scottish Government provided the audit team with minor revisions to the published expenditure data for 2016/17.

Sources: Audit Scotland using Scottish Government Affordable Housing Supply Programme out-turn reports 2011/12 to 2018/19 and budget information 2019/20 and 2020/21; and *GDP deflators at market prices and money GDP September 2019*, UK Government, 2019

Defining affordable housing is complicated

14. There are many ways to define affordable housing as it depends on many factors such as household type, household income, the location and size of a property, and the local housing market.¹ Social landlords are responsible for setting their own rents and they have different rent-setting policies reflecting the context of their areas and their housing stock. While this local approach to defining rent affordability is appropriate to reflect the local context, it means that there is no one common definition of affordability and it can be confusing for tenants and the public.

15. During our fieldwork, stakeholders, particularly those who were not closely involved in delivering affordable housing, told us they were not always clear what the Scottish Government meant by affordable housing. The Scottish Government's target is based on the tenures of affordable homes to be delivered (social rent, mid-market rent and affordable home ownership). Within the programme guidance, the Scottish Government makes some assumptions about affordability. For example, there is an expectation of the rent an RSL will charge for new social housing funded through the programme.² But after the first let, the RSLs' own rent setting policy will apply. The Scottish Government also expects council social rent levels to be kept affordable, balancing this with local market conditions and contributions to the overall cost of the home. The Scottish Government provides guidance for councils carrying out their housing needs and demands assessments (HNDAs) ([Exhibit 3, page 14](#)).³ This uses broad assumptions about future affordability for the purpose of planning housing.⁴

It is not clear how the national target links to local housing needs and wider outcomes

16. Housing is a long-term asset, so it is important that the right types of new homes are provided where they are most needed. Setting a broad national and numbers-based target creates the risk that the homes delivered are not located in the places with the greatest levels of need, or are not the right type to best meet people's housing needs.

17. In general terms, the Scottish Government's target is a response to clear evidence of the need for more affordable housing in Scotland. For example, in 2015, the Chartered Institute of Housing (CIH) Scotland, Shelter Scotland and the Scottish Federation of Housing Associations (SFHA) published research that concluded there was a need for at least 60,000 affordable homes across Scotland over the next five years, although the research was not specific about the number of social rented units that would be required.⁵

18. While councils and RSLs have welcomed the investment in housing as it can help to meet shared local priorities, there is a disconnect between the national target and local assessments of need. Councils are responsible for assessing housing need in their area through a strategic planning process ([Exhibit 3, page 14](#)). The Scottish Government does not collate information from councils' local assessments of need and there are some difficulties in doing so. For example, not all assessments cover the same time period and some councils use different data sources based on local circumstances. There is no evidence available to show that councils' local assessments of need informed the 50,000 affordable housing target and 35,000 social rent target. The Infrastructure Commission for Scotland identified a need for greater coherence at both regional and national levels towards the assessment of housing needs and demands.⁶ This may help to make a better connection with any future nationally set targets.

19. The disconnect between the national target and local assessments of need, means that it is not possible to determine whether the Scottish Government's investment is targeted most effectively to deliver new affordable homes of the right types in the right locations. This limits the judgements that can be made on the overall impact of the investment on national housing need.

20. Although the More Homes approach contributes to the wider housing and regeneration outcomes, the Scottish Government did not clearly set out how the target links to these outcomes or the National Performance Framework (NPF) outcomes, or how it would measure the impact of affordable housing delivery against these wider national outcomes. The NPF was revised in 2018 with three of the 11 outcomes referring to housing specifically: communities, poverty and environment. However, affordable housing can also contribute to improving other outcomes such as those relating to health, education, children and young people, equalities, and the economy.

In developing their housing plans, councils balance their knowledge of local need with what can be achieved

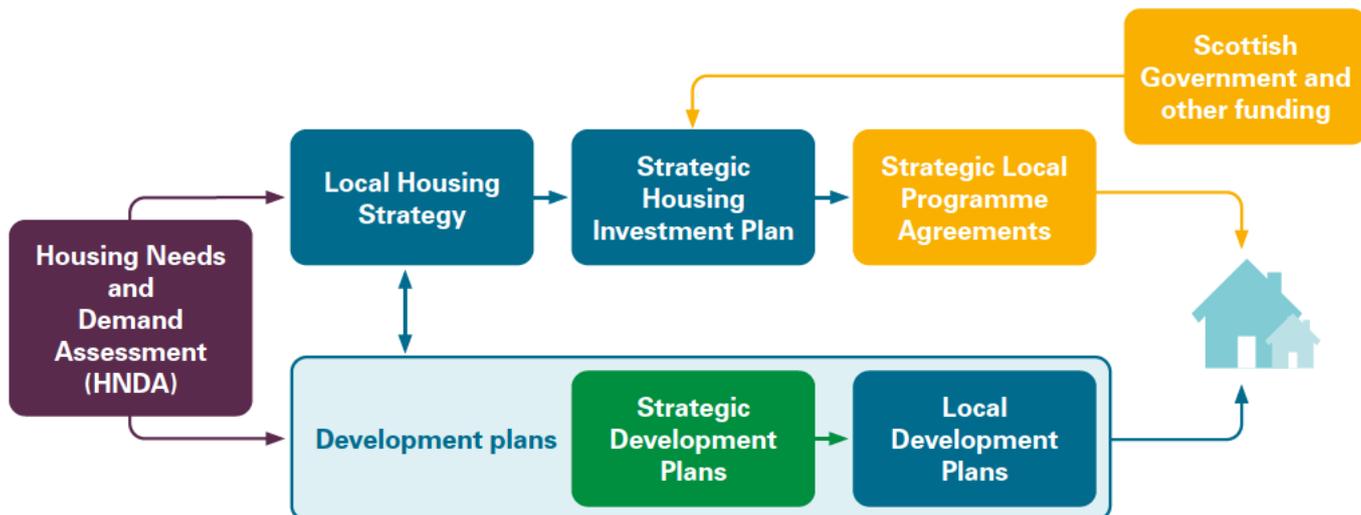
21. Councils have important strategic roles. They plan the delivery of affordable housing within a complex system through a series of linked plans, underpinned by legislation, Scottish Government guidance and oversight arrangements ([Exhibit 3, page 14](#)). Councils carry out a HNDA which is the starting point for estimating current and future housing needs in their areas. This forms part of councils' housing and land use planning strategies.

22. Councils' decisions about the affordable housing projects to include in their SHIPs are prepared in the context of the Scottish Government's funding arrangements established to support the national target ([paragraph 31](#)). Practical issues, such as the availability of suitable sites, and the availability of other funding, also influence how projects are prioritised and ultimately what gets built.

Exhibit 3

Planning for housing at a local level is complex

The new homes that are delivered are the result of a range of policy decisions and practical considerations.



Housing need and demand assessment (HNDA)¹

- starting point for estimation of housing needs and demands
- reviewed around five years
- Scottish Government provides a modelling tool for councils to use
- Scottish Government assess whether these assessments are 'robust and credible'

Scottish Government and other funding

- Resource Planning Assumptions from the Scottish Government provide the available budget for grant for local programmes
- other funding sources include other funding from the Scottish Government, councils and RSLs

Strategic local programme agreements

- Scottish Government funding commitments over three years

Local housing strategy

- sets out a strategic vision for the delivery of housing and housing related services and the outcomes that it will seek to achieve
- sets out investment priorities
- five-year plan
- reflects wider policy goals
- reflects housing supply targets which are based on the HNDA and take account of wider policy and practical issues
- councils keep under review
- is subject to a review by Scottish Government officials and peer review involving council officials
- subject to consultation

Strategic housing investment plan

- sets out proposed projects that will contribute to delivering against investment priorities for five years
- proposes projects for Scottish Government funding
- based on LHS priorities
- updated annually
- subject to consultation
- the Scottish Government provides feedback to councils

Development plans

- set out the long term vision, based on national and local priorities, for development in the areas they cover, including supply of land for housing and appropriate affordable and specialist housing policies
- subject to consultation

Strategic development plans²

- four city regions covering Aberdeen, Dundee, Edinburgh and Glasgow
- review within four years

Local development plans

- within city regions – two years to adopt following SDP approval
- outwith city regions – five years to adopt

Notes:

1. Councils can work in a housing market partnership area, with other councils, to carry out a housing needs and demands assessment.
2. The Planning (Scotland) Act 2019 will abolish the requirement for strategic development plans.

Source: Audit Scotland

Good progress has been made and the Scottish Government reports that it is on track to meet its target. However, risks to its delivery remain.

The Scottish Government has good governance arrangements in place to oversee progress towards the target

23. The programme is managed through a central team and five area teams covering different regions in Scotland. At the outset of the target, additional staff were allocated to each area team to help councils and their partners respond to the increased scale of the target. The area teams work well with councils and their partners to agree and progress affordable housing programmes within their areas.

24. A programme coordination group oversees the AHSP and delivery of the target. The group reports to the More Homes Scotland Board, which includes all members of the More Homes Scotland management team. The board meets quarterly and receives updates on progress towards the target from the programme coordination group. At each meeting, the board considers a comprehensive risk register setting out the risks to the delivery of the target and any actions planned in response.

25. Recent action taken by the Scottish Government to help councils and RSLs to meet the target includes:

- supporting councils to buy more existing homes rather than build new ones that take longer to deliver, where this is in line with local priorities
- bringing forward the reallocation of money for local programmes earlier in the year to accelerate plans and deliver additional homes ([paragraphs 35–37](#)).

Good progress towards the target has been made

26. The Scottish Government did not set any milestones for progress towards the target or any expectation of the number of homes to be delivered in each council area. This is because each council is responsible for planning its own programmes. As funding will increase towards the end of the five-year programme ([paragraph 31](#)) there is a rise in the number of homes due to be completed in the last two years of the programme.

27. At December 2019, good progress towards the target had been made:

- Sixty-two per cent of the overall 50,000 target had been met ([Exhibit 4, page 16](#)).
- Fifty-eight per cent of the 35,000 homes for social rent target had been met.

There are a number of risks to delivering the programme

28. In its assessment of [progress towards the target](#) , undertaken in September 2019, the Scottish Government reported that the target could be met. This assessment was based on the number of approvals made since 2015/16 and planned approvals for the remainder of 2019/20. As it can take at least 18 months from the approval of a new home for social rent to its completion, most of these approvals had to be made by December 2019. However, uncertainty about the Scottish Government's investment plans post-2021 may have affected social



Progress towards the target

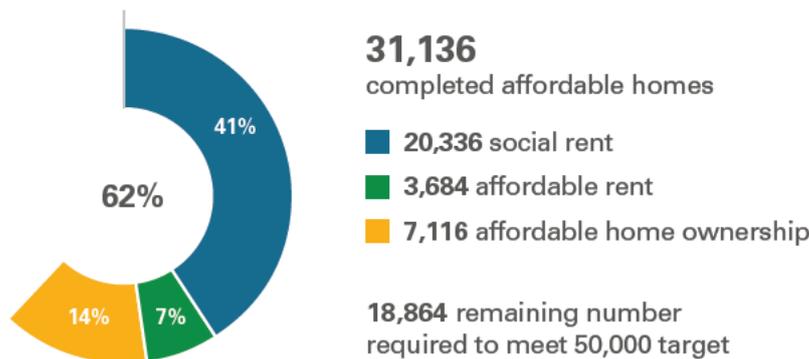
Progress towards the target is measured by official statistics on the number of homes that are 'completed' as recorded by the Scottish Government's Affordable Housing Supply Database. Statistics also measure 'approvals.' This is the point at which funding for a new home is approved.

landlords' willingness to put forward projects for approval during the latter half of 2019 ([paragraph 114](#)); there is a risk that any projects that do not complete by March 2021 may not be fully funded.

Exhibit 4

Progress towards delivering the affordable housing target by tenure

62 per cent of the target was delivered by December 2019.



Source: Audit Scotland using Scottish Government Affordable Housing Supply Programme quarterly statistics

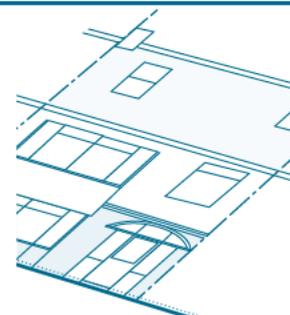
29. By December 2019, 31,622 homes for social rent (90 per cent of the social rent target) had been approved.⁷ It is not possible to assess how many of these homes will be completed within the target period. Councils and RSLs with recent approvals for new-build homes will need to progress quickly to start work on site in order to complete before March 2021. The high proportion of homes due to be completed in the last two years of the programme increases the risks to delivering the target. These risks include:

- delays in construction as a result of a lack of skilled labour in the construction industry in some areas ([paragraph 96](#)) which could be exacerbated by the UK leaving the European Union
- delays in obtaining planning permission or other necessary building consents as a result of pressure on council planning and building control staff ([paragraph 101](#)).

This leads us to conclude that the target, and particularly the social rent element, is at serious risk of not being met.

Part 2

Delivery and impact of the affordable housing target



Key messages

- 1** Over the first three years of the programme, the Scottish Government has invested around £1.9 billion to meet its target. In addition, there has been significant investment from RSLs and councils.
- 2** Councils are generally working well with their partners to plan and deliver new affordable housing in their areas. Councils have effective working relationships with RSLs. But there is mixed involvement from health and social care partners. Some councils demonstrate good tenant and community involvement in plans for new affordable housing, but this could be more consistent. This will help to improve the impact from the investment.
- 3** Across all council areas, new affordable housing, including housing to meet the particular housing needs of older people and those with disabilities, is being delivered. The delivery of affordable housing varies according to local needs, circumstances and priorities.
- 4** The investment is meeting some housing needs, and there is some evidence of positive benefits to tenants, local communities and the economy, although the Scottish Government's, and councils', monitoring and reporting of wider impact is limited.
- 5** Increasing capital investment by councils and RSLs, to fund new housing and improve their existing stock, may result in increased rents. This could ultimately affect how affordable rents are for tenants.

The Scottish Government has spent £1.9 billion to meet its target to date, and there has been significant investment from councils and RSLs

Most of the money is spent on grant funding for local programmes

30. Between 2016/17 and 2018/19, the Scottish Government spent £1.9 billion (in real terms) to meet the target. Of this, £1.5 billion was spent on grant funding for local programmes ([Exhibit 5, page 19](#)).

31. The grant funding arrangements have helped councils to plan to meet the target. The Scottish Government provides each council with a resource planning assumption (RPA) which sets out the minimum amount of grant funding that is available to spend on local programmes in each area

[paragraph 109](#) explains how these are distributed). In June 2017, the Scottish Government gave councils a three-year RPA allowing them to plan with more certainty over the medium term.⁸ In addition, the Scottish Government increased RPAs towards the end of the programme to give councils and their partners time to plan to meet the increased target. In real terms, RPAs in 2020/21 will be 53 per cent higher than in 2016/17.

An increase in grant subsidy benchmarks has helped social landlords to build new homes but some report cost pressures

32. In 2016, the Scottish Government increased the amount of **grant**  it provides to social landlords for each home they build. The decision was made following a report of a Joint Subsidy Working Group that included representatives of councils and RSLs. The increase in grant, of up to £14,000 per home, has allowed social landlords to build more homes to help meet the target.

33. Some social landlords, however, now report that the cost of building new homes is increasing ([paragraph 97](#)). Some councils also have concerns about the lower grant levels for councils compared to those for RSLs. Scottish Government grant for new council homes was introduced in 2009 and the principles were agreed with COSLA. Following the work of the Joint Subsidy Working Group, council subsidy benchmarks were increased although the difference in subsidy benchmarks was maintained. One of the reasons for lower grant levels was that councils could borrow money at lower interest rates than RSLs. During our fieldwork one council reported that the cost of borrowing is now similar to that of RSLs.

34. The Scottish Government can approve higher grant subsidy levels in certain circumstances to allow plans for new homes to proceed. We saw examples of this during our fieldwork, including an RSL development in Argyll and Bute where development costs were high. It is difficult to assess how often higher grant levels are approved as the Scottish Government does not record this information.⁹

Monitoring through the year allows the Scottish Government to reallocate funding but it is not always clear how these decisions are made

35. If the annual funding cannot be spent in a council area within the year, for example, because plans have slipped, the Scottish Government can reallocate funds to another council. Scottish Government guidance advises councils to over-programme their SHIP to allow for slippage in their plans. This approach helps to make sure that annual budgets are spent.

36. It is not always clear how decisions to reallocate funding are made. While the Scottish Government attempts to reallocate funds within the same region, there can be wide variations between RPAs and expenditure on local programmes in each council area ([Appendix 2, page 45](#)). Between 2016/17 and 2018/19, expenditure in 17 council areas was greater than the RPA, and in 15 council areas it was less than the RPA. Variations can be large, for example over the period 2016/17 to 2018/19:

- expenditure in Aberdeen City Council area was 47 per cent greater than the RPA
- expenditure in East Renfrewshire Council area was 60 per cent less than the RPA.



Scottish Government grant subsidy

Social landlords use Scottish Government grant subsidy, in addition to their own funding, to build homes. Without enough grant, social landlords may find it hard to provide the new homes they want to, in the right locations, while keeping rents affordable for their tenants.

The Scottish Government sets grant subsidy benchmark levels. These vary depending on the provider, geographic area, tenure and energy efficiency standards. The benchmarks for RSL homes also vary according to size and vary from £44,000 to £84,000 per home. For councils, there is a flat rate benchmark of £57,000 per home or £59,000 for a 'greener' home. Further details are in the [Scottish Government guidance MHDGN 2019/01](#).  Subsidy, at variable levels, is also available for social landlords to purchase existing homes.

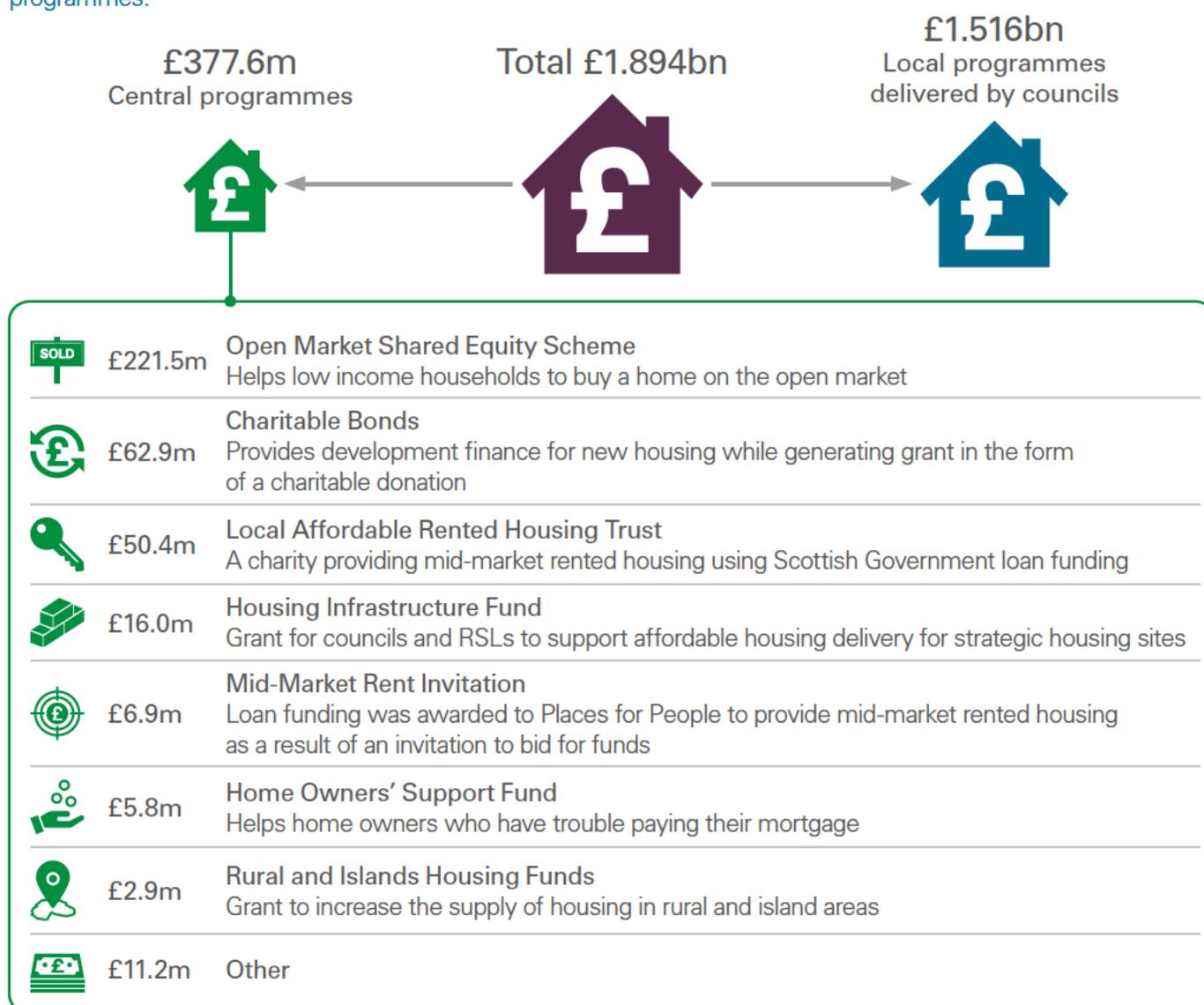
37. Many factors influence whether funds can be spent within each year, including the unpredictable nature of house building, how deliverable councils and their partners plans are and local priorities.

A range of other funding programmes are managed by the Scottish Government but there is little assessment of the impact of these

38. In addition to the funds from the local programmes, councils can also benefit from spending in their area through the centrally managed programmes (Exhibit 5). These funding programmes include a mix of long-established schemes, and newer schemes, some of which have been designed to make use of loan funding which can only be used by non-public sector bodies.¹⁰

Exhibit 5

Scottish Government expenditure on the Affordable Housing Supply Programme 2016/17 to 2018/19
The Scottish Government has spent £1.9 billion. Of this, £1.5 billion has been spent on grant funding for local programmes.



Note: The Scottish Government provided the audit team with minor revisions to the published expenditure data for 2016/17.

Source: Audit Scotland using Scottish Government Affordable Housing Supply Programme out-turn reports 2016/17 – 2018/19; and GDP deflators at market prices and money GDP September 2019, UK Government, 2019

This funding approach supports the delivery of different types of affordable housing, and can help meet different types of housing needs, but the impact of these schemes is not always clear.

39. One of the larger government schemes is the Open Market Shared Equity Scheme, first established in 2006. Under this scheme, the Scottish Government provides a shared equity loan to first-time buyers and other priority groups allowing them to buy a home on the open market. Between 2016/17 and 2018/19, around 5,200 households bought a home through the scheme. A review in 2011 identified some positive impacts.¹¹ Since then, the Scottish Government has also invested further resources to help people become home-owners, through the Help to Buy (Scotland) Affordable New Build scheme (which is not included in the 50,000 target). The Scottish Government has commissioned research into these schemes. This will help to establish the current relevance of the schemes and their impact.

Councils and RSLs are investing significant additional funds in affordable housing, but it is difficult to calculate the total investment

40. In addition to Scottish Government funding, councils, RSLs and others are investing significant resources to meet the target. The Scottish Government publishes the total cost of the homes it funds through the AHSP at the point homes are approved. Between 2016/17 and 2018/19, the total cost of all homes approved through the AHSP was £4.3 billion. Of this, Scottish Government funding was, in real terms, £2 billion (46 per cent of total costs) with additional investment from other providers of around £2.3 billion (54 per cent of total costs). Of this additional investment, £1.4 billion was invested in homes for social rent:

- The total cost of council social rented homes approved was £715 million. Scottish Government funding accounted for 39 per cent of this total.
- The total cost of RSL social rented homes approved was £2.1 billion. Scottish Government funding accounted for 56 per cent of this total.

41. If costs rise after a project is approved and the council or RSL pays these costs without any government subsidy, this is not recorded by the Scottish Government. Some councils have also purchased existing stock without using Scottish Government grant funding so that they can use more of their grant for building new homes, which can be more expensive. National data sources do not allow us to quantify the extent of such provision, although our fieldwork suggests that it is on a relatively small scale. These purchases will not be reported to the Scottish Government and will not be included in the statistics that measure progress towards the 50,000 target. A more complete understanding of total investment in affordable housing may help to identify any pressures on costs and could help to make sure that resources are targeted in the most effective way.

Councils are generally working well with partners to plan and deliver affordable homes in their areas

Councils are working well with RSLs in their areas to deliver new housing

42. Councils have effective working relationships with **RSLs**  in their areas, which helps to facilitate the planning and delivery of affordable housing. Examples of this include regular partnership meetings, for instance at a strategic or operational level, to discuss local priorities and progress with delivering affordable housing.



RSLs

There are around 160 RSLs in Scotland, although not all are developing new housing. The number operating in any council area varies. For example, there are 12 RSLs operating in Aberdeenshire and 25 in the City of Edinburgh.

43. In addition, some councils support RSL developments by providing funding, including the use of funds raised from additional council tax charges on empty homes in the area. For example, in 2017/18 Glasgow City Council used additional funds from council tax on second and empty homes worth £2.6 million to facilitate the development of 140 affordable homes. This provided additional funding to the affordable housing supply budget for demolitions and ground works to make projects viable.

There is mixed involvement from health and social care partners

44. Investment in housing can have a positive impact on an individual's health and wellbeing. It can also play a part in achieving an **Integration Authority's**  goals. For example, providing a more suitable home for patients to move into upon leaving hospital, by either adapting an existing property or moving into a new purpose-built property, can reduce the incidence of delayed discharges. We reported, in November 2018, that three-quarters of Integration Joint Boards indicated some involvement of housing services in the planning of integrated health and social care services, but that the extent varied by partnerships.¹² Each Integration Authority must include a housing contribution statement in its strategic commissioning plan, setting out how it intends to work with housing services to deliver its outcomes.

45. We found variable involvement of health and social care partners working together with councils in the planning for new affordable houses, but the level of joint working is not always clear. For example:

- Twenty-four councils' SHIPs (2019/20–2023/24) reference some health and social care partnership (HSCP) involvement. Such involvement includes representation of the HSCP on strategic housing groups and reviewing and developing new models, of specialist housing provision.
- These SHIPs also identified some examples of joint working between councils or RSLs and HSCPs to develop **housing for people with particular needs** . For example, using technology to allow people to stay in their own home for longer.
- Some health and social care partnerships are funding posts jointly with the council to better understand housing needs. For example, Argyll and Bute Council and Argyll and Bute HSCP have jointly funded an occupational therapist on a pilot basis.
- Highland Council's SHIP states that any capital investment in new care service housing requires a partnership approach and will only be supported if essential revenue funding is available from health and social care budgets.

46. The Scottish Public Health Network reported that there was enthusiasm for more joint working between those involved in health and housing but that several barriers made this difficult.¹³ These are similar to those identified in our 2018 report *Health and social care integration: update on progress* and included different organisational cultures, lack of resources and a need for clear leadership and direction. Health and housing officials also recognised that they should focus on how good-quality, appropriate housing can contribute to good health across



Integration Authorities

The Public Bodies (Joint Working) (Scotland) Act 2014, requires councils and NHS boards to work together to form new partnerships, known as Integration Authorities (IAs). There are 31 IAs, established through partnerships between the 14 NHS boards and 32 councils in Scotland.²⁹



Housing for people with particular needs

Some people, including the elderly and people with disabilities, require specialist housing that is designed or adapted to meet their particular needs. For example, a wheelchair user may require rooms over a certain size and appliances at particular heights.



Health and social care integration: Update on progress
November 2018 

the population. The Scottish Government updated its LHS guidance in September 2019 and states that councils, in their LHS, should demonstrate how priorities and outcomes have been developed collaboratively with Integration Authorities.¹⁴

47. Where good partnership working has taken place, this includes HSCP's involvement in the strategic planning and commissioning process, in addition to funding contributions ([Case study 1](#)). In some areas, however, there is not enough involvement from health and social care partners. Given the important links between health and housing, more consistent involvement from health and social care partners will help ensure that people are receiving the right type of housing for their health and social care needs.

Case study 1



Dundee City Council health and housing

Dundee City Council, Dundee Health and Social Care Partnership (DHSCP), and RSLs operating in the area, work together to commission housing for people with particular needs. There is a clear framework in place that enables a range of key health and social care groups, including eight service-specific strategic planning groups, to feed into the commissioning process and the development of the LHS and SHIP.

The partners consider whether existing social rented stock could be reconfigured for people with particular needs before deciding whether new-build housing is needed. When commissioning individual housing developments, the council, DHSCP and the housing provider work together to agree on the specific requirements for a development, including the numbers of homes and bedrooms per home. They will also agree on any design features that are suitable for the clients' needs, such as level and non-slip flooring, no thresholds or steps, secure gardens, level access showers and smart technology.

For each commissioned development, partners agree on funding. For example, one of the projects commissioned in 2017/18 was for a 12-home development for people with a mental health condition requiring onsite care and support from a staff team. DHSCP met full revenue funding for the development and paid a capital contribution of £219,000.

DHSCP staff report that this approach has improved outcomes for their clients. For example, their clients have more choice and control of their lives and can keep their support networks close by and remain in the city, rather than having to move away to access suitable housing. One individual with a mental health condition requiring onsite care and support from a staff team, who had been in long-term hospital care for almost ten years, was able to move into suitable supported accommodation.

Source: Dundee City Council and DHSCP

Some councils demonstrate good tenant and community involvement in plans for new affordable housing, but this could be more consistent

48. It is important that councils involve tenants and communities in the process of planning new affordable housing. This allows them to influence its delivery and aligns with the principles of community empowerment, which is a national priority for the Scottish Government. Councils have a duty to work with community planning partners, and community bodies, to improve local

outcomes. **Community empowerment**  has many benefits for communities. For example, it can help to identify priorities and direct investment in public services to where it is most needed, including towards improving the character of an area, transport links, local amenities and open spaces.¹⁵ It can also lead to better outcomes for communities and tenants, including improved quality of life and community safety, and greater satisfaction with their local neighbourhoods.

49. We found some good examples of tenant and community engagement and involvement in affordable housing development, but there was some variation between councils:

- The case study councils have engaged well with local communities, including communities of interest, such as older people and gypsy travellers, to better understand local priorities and inform their LHSs.
- All social landlords have a responsibility to consult with tenants on a range of housing issues, which is often done through a tenant's participation group. The quality of these arrangements, however, varied between the case study council areas. South Lanarkshire Council has well-established arrangements, including a Tenant Participation Coordination Group, with 16 tenant representatives. A budget scrutiny group is involved in planning and delivering the annual rent setting consultation for all tenants. The group also reviews spending priorities within the Housing Revenue Account and capital programme including the impact of new-build proposals on rent.
- Tenants reported variations in the quality of engagement about affordable housing delivery. For example, some reported being involved in discussions from an early stage, whereas others felt that there was a lack of consultation on plans. This creates a risk that the wider outcomes for tenants and communities (for example, improved quality of life) will not be met.

50. Placemaking is also an important consideration for councils in the planning of affordable housing. This is an approach to planning, designing and managing places that involves discussions with communities to establish their needs and aspirations to create an overall vision for an area. It also helps to empower communities.¹⁶ We found clear examples of developments that reflected a commitment to placemaking ([Case study 2, page 24](#)).

51. Tenants reported that housing in good locations with access to services (including GP surgeries) and to public transport at night was important to them. The case study councils, and the RSLs we spoke to in those areas, demonstrated an awareness and commitment to building affordable homes in areas with links to services. One RSL reported that it had decided not to take ownership of a home through a Section 75 contribution ([paragraph 91](#)) from a private developer because it was concerned that the development's location, on the outskirts of a town, was not suitably located for its tenants.



Community empowerment

The Community Empowerment (Scotland) Act 2015 gives communities greater influence on, and input to, the decision-making by public bodies and their partners. It aims to reduce inequalities and improve the wellbeing of communities, particularly those suffering from persistent inequality.

Case study 2

Meadowbank, The City of Edinburgh Council



Between 2018 and 2019, the City of Edinburgh Council consulted with communities in Meadowbank on a masterplan for the area. This focused on the redevelopment of surplus land surrounding a new sports centre for mixed uses, including building a mixture of affordable homes and private homes for sale. There have been four stages to community engagement to date, as outlined below:

- Public consultations – the local community was invited to share its knowledge, opinions and aspirations for the site through an online survey and three consultation events using the Place Standard tool. The tool helps to facilitate conversations about the physical elements of a place (such as buildings and transport links) and its social aspects (such as influence and sense of control in decision-making). It can also help identify where investment should be targeted.
- Design workshops – representatives from the local community worked with council officers and designers to consider how the site could be designed. Themes included housing and community; economy and local amenity; and active travel, cycling and streets.
- Visions and ideas – public events were held to present and discuss the initial proposals with the local community in early 2019.
- Next steps – communities were presented with the masterplan proposals developed from the consultation.

The finalised masterplan proposes that approximately 600 homes will be built on the Meadowbank site, with a minimum of 35 per cent being homes for social rent and MMR and a mix of one-, two- and three-bedroom homes. The local community has helped to influence this masterplan. For example, the council has made specific changes to the provision of student accommodation on the site, as the community was strongly opposed to this.

Source: The City of Edinburgh Council

There is evidence that some housing needs are being met although reporting at national and local levels is limited

52. The Scottish Government's out-turn reports contain information on the delivery of housing through the programme including some information at council level. There are some weaknesses in these reports including a lack of detail on the size and type of homes delivered. The Scottish Government holds some data at a council level that it does not report on, including:

- the postcode data for the new homes that it has funded and that have been completed
- data on new affordable homes that have been approved that meet the **greener standard**  ([paragraph 74](#))
- data on new affordable homes completed that meet people's particular housing needs ([paragraph 60](#))
- data on new affordable homes completed that are new-build, off-the-shelf or rehabilitations.



Greener standard

Councils and RSLs qualify for a higher benchmark subsidy if building standards for new homes meet Section 7, Silver Level, of the 2011 building regulations for both carbon dioxide emissions and energy for space heating. This is known as the greener standard.

Publishing this data would help to improve the transparency of funding decisions that the Scottish Government makes at a council level and allow for a better demonstration of the impact of its investment.

53. The impact of the new affordable homes within each council area will vary according to local circumstances. Reporting by councils is commonly based on outputs, such as the number of homes delivered as a proportion of local targets. Local reporting can lack clarity, for example, on how this links back to overall housing need and pressures within the council area. This means that there is a risk that councils will be unable to sufficiently demonstrate value for money from their investment.

54. We reviewed the case study councils' LHSs and SHIPs alongside their progress reports. This provided some assurance that affordable housing was being delivered in councils' priority areas. By reporting this information in a more transparent manner, councils should be able to better demonstrate how they have met their local priorities. This would also help councils to more clearly demonstrate that homes are being built in areas with access to local services ([paragraph 51](#)).

Investment is leading to a net increase in social housing

55. The investment in the target, combined with the end of the **Right to Buy**  scheme, is leading to an overall increase in the number of social homes in Scotland. The Scottish Housing Regulator reports that, at 31 March 2019, councils and RSLs provided 600,856 homes to rent, an increase of 1 per cent (6,261 homes) since 31 March 2016.¹⁷

56. By the end of the five-year programme, if the 35,000 social rent completions element of the target is met, we estimate that the net impact of the target (after estimating for council demolitions) could be around an additional 23,800 social rented homes, although this is at the upper end of estimates.¹⁸ We have not estimated for RSL demolitions because of the unreliability of the data.

New affordable homes are being delivered in all council areas

57. The number and tenure of new homes delivered varies between council areas, reflecting local circumstances, priorities and longer-term patterns of delivery ([Exhibit 6, page 26 and Appendix 3, page 47](#)).

58. Between 2016/17 and 2018/19, 5,355 homes for social rent were completed by councils and 10,968 were completed by RSLs ([Appendix 3, page 47](#)). Some councils, such as Fife, West Lothian and North Lanarkshire, have relatively large-scale programmes of new council house building. Other councils (including the six councils that have transferred all their housing stock: Argyll and Bute, Comhairle nan Eilean Siar, Dumfries and Galloway, Glasgow, Inverclyde and Scottish Borders) rely more on RSLs in their area to deliver new homes for social rent. There are several other factors that may influence a council's decision to build new homes, including its capacity to borrow money, existing rent levels, and tenant priorities.

59. The City of Edinburgh Council had the greatest number of mid-market rent (MMR) completions (1,238) between 2016/17 and 2018/19, whereas there were no MMR completions in 12 council areas. In 2018, research reported mixed views on the potential for MMR housing across council areas.¹⁹ Some council officers felt that, while there was demand for such homes in their areas, its development



Right to Buy

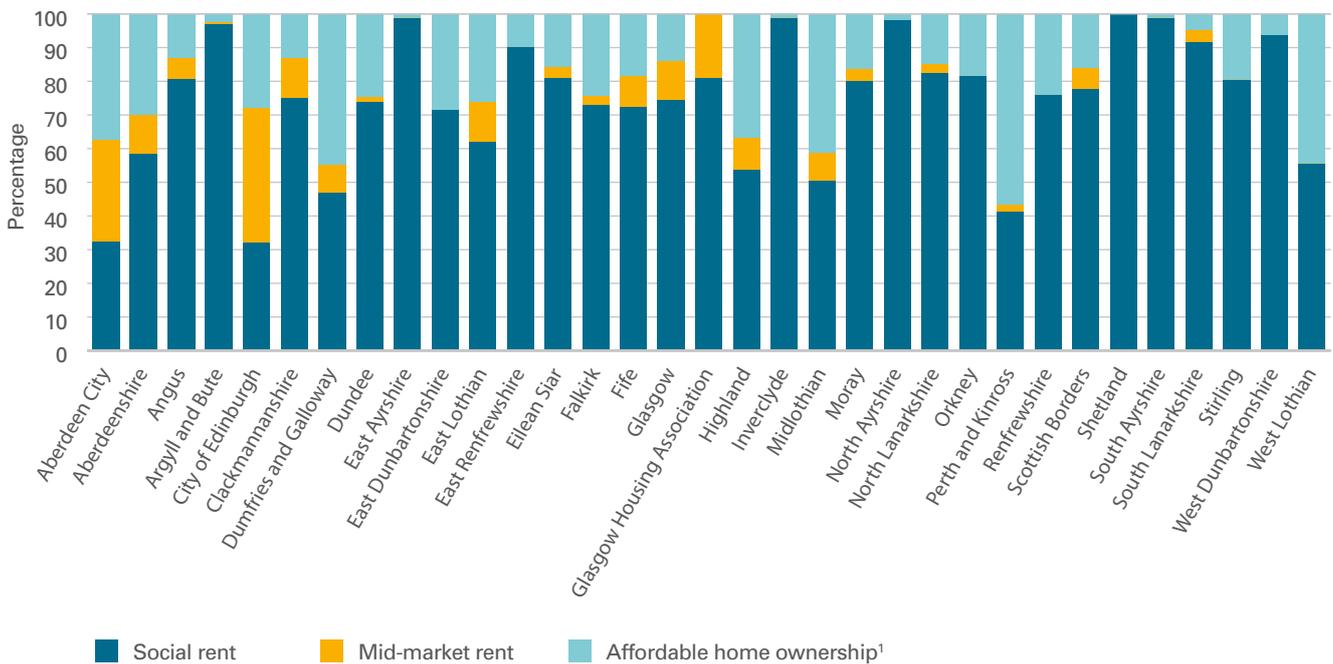
The Right to Buy scheme gave social rented tenants the right to buy their home at a discounted price. The scheme ended on 31 July 2016, although the time taken to progress sales means there were still recorded sales in 2017/18 and 2018/19.

was not financially viable. Others felt that local housing market conditions limited the demand for MMR as there was not enough difference between local private rent levels and social rent levels. Homes for MMR are used more widely in the City of Edinburgh than in other areas to help overcome affordability issues in its particularly pressured housing market.

Exhibit 6

The tenure of homes delivered through the Affordable Housing Supply Programme between 2016/17 and 2018/19 varied by council area

Local delivery reflects varying priorities and longer-term patterns of delivery.



Notes:

1. 'Affordable home ownership' includes completions under the Open Market Shared Equity scheme. This is a Scottish Government central programme that individuals can apply for. Councils do not have a role in planning for this scheme.
2. The Scottish Government provided the audit team with updated statistics on AHSP completions during the course of the audit. Therefore, some of the data we have used in our analysis does not match that which is reported in the out-turn reports.

Source: Audit Scotland using Scottish Government Affordable Housing Supply Programme out-turn reports 2016/17 – 2018/19 and additional out-turn data

Some social landlords are providing new affordable housing that meets the specialist housing needs of older people and those with disabilities

60. Between 2016/17 and 2018/19, 1,577 homes were purpose built for older people and 742 for disabled people, including 625 that were specifically designed for wheelchair users. As national reporting is limited to housing that is purpose built, this may not fully account for what is happening at a local level. For example, some homes may be suitable for people with particular needs to live in, but have not been purpose built.

61. The Scottish Government requires councils to set evidence-based targets for the delivery of wheelchair accessible homes across all housing tenures by the

end of 2019, and to report annually on progress in their SHIPs. Councils report that it is not always possible to accurately predict future needs.

62. It is not clear if there will be any potential funding implications arising from this requirement. Research has found that grant subsidy levels may not be enough to support the delivery of housing for people with particular needs including people who use wheelchairs.²⁰ Current grant subsidy arrangements, however, are flexible and can support more expensive projects if required. The Scottish Government should monitor the impact of the requirement for wheelchair-accessible targets and consider whether or not any changes to grant subsidies are required.

63. Over time, people's housing needs will change. For example, this may be as a result of getting older and needing aids and adaptations to homes to live independently. Councils and their partners need to consider both the current and future needs of local communities when planning affordable housing to allow it to be sustainable. There is some evidence that this is happening. For example, South Lanarkshire Council has built 107 council homes (30 per cent of all social rented homes completed by the council within the first three years of the programme) with a bedroom situated next to a wet room that has removable panels to allow for hoists or other specialist equipment to be installed, should tenants require these.

Progress with plans for affordable housing delivery across council areas is mixed

64. Councils monitor progress with affordable housing delivery through their own LHS monitoring and reporting arrangements. As performance measures and reporting arrangements vary across councils, it is difficult to compare councils' performance in delivering their affordable housing plans. In addition, some councils' LHS reporting lacks transparency as progress reports are not always easily accessible on their websites. The Scottish Government updated its LHS guidance in September 2019 and now requires councils to monitor progress annually, report this to the More Homes Division area teams and publish all LHS documentation on their websites.²¹ This should help to improve transparency.

65. We reviewed progress reports by the case study councils and some other councils that have spent less than the available Scottish Government grant funding ([Appendix 2, page 45](#)). Using the available information, we have concluded that councils' progress towards their own local affordable housing delivery plans is mixed. A range of reasons can affect councils' progress, including some of the barriers that social landlords face when delivering affordable housing ([Exhibit 9, page 35](#)).

There are still unmet housing needs

66. Councils report that current plans for affordable housing will not address all housing needs in their areas. This is partly because housing needs are always changing, and new needs will arise. Moreover, local housing supply targets are based on what can realistically be delivered.

67. Without an assessment of national housing needs, it is difficult to assess the scale of current unmet needs, although councils have a clearer picture at a local level. The SFHA, CIH Scotland and Shelter Scotland are currently in the process of updating their national housing needs study. This is due to be completed in spring 2020 and may provide some understanding of housing needs across the country.

Meeting housing needs does not always have to be achieved through new-build

68. The programme is focused on new-build homes. At December 2019, 68 per cent of the affordable homes completed under the current programme resulted from new building, 26 per cent were off-the-shelf purchases of existing property and seven per cent were improvements to existing properties.

69. Councils and RSLs report that there are opportunities to use existing stock more effectively, for example by increasing the number of adaptations of properties to allow tenants to remain in their own homes. Some councils also have schemes to buy existing homes on the open market. For example, South Lanarkshire Council has an open market purchase scheme that targets the purchase of property to increase the council's supply of priority house types and sizes depleted through right to buy, meet specific and urgent housing needs and for wider housing quality improvement and regeneration outcomes. The council purchased 33 homes through the scheme in 2017/18 and 60 in 2018/19. Councils report that this can be a cost-effective way of meeting housing needs in their areas. Scottish Government grant funding can be made available for these schemes where they are in line with council's strategic priorities. The Scottish Government needs to be clear about the purpose of its investment and the focus on new-build in its programme.

70. Some councils have demolished unsuitable homes and built new homes as part of wider area regeneration ([Case study 3](#)). It is important that councils engage with local communities to co-produce plans for regeneration and understand what housing needs require to be met. In addition, councils should be clear about the intended impact of, and outcomes to be improved through, regeneration activity and have clear measures in place to monitor these.

Case study 3

East Whitlawburn, South Lanarkshire



East Whitlawburn is an area in Cambuslang which, until recent years, had 380 two- or three-bedroom flats and 30 amenity bungalows. There was low demand for housing in the area as a result of its stock profile and a high proportion of single people and couples living in the area. In addition, there were high turnover rates, with about one-quarter of properties becoming vacant each year. East Whitlawburn was also a deprived area, with issues of anti-social behaviour and poor tenant satisfaction.

The council has undertaken extensive engagement with the local community to consider their views for the regeneration, resulting in the preparation of an area masterplan to deliver the regeneration. Their housing needs have also been established through this engagement and have been incorporated into the planning and delivery of affordable housing in the area, following the demolition of old stock. The community were keen that in any new development, all homes would be built to a tenure neutral design standard. In August 2019, planning permission was approved to build 311 mixed tenure homes on this basis. The development will be constructed by CCG Group and will comprise 230 social rented properties made up of amenity flats, mainstream flats, bungalows and two-, three- and four-bedroom houses, reflecting the needs of the community. West Whitlawburn Housing Cooperative, a local RSL, is a partner in the regeneration project and will take ownership of 60 of the homes when these are complete. CCG Homes will also build approximately 81 additional new homes for sale or private ownership as part of the regeneration programme. CCG Group will deliver a number of community benefits as part of the contract.

Source: South Lanarkshire Council

71. In some areas where the levels of need identified are lower, there is a risk that investment in building new homes may result in existing homes that cannot be let as tenants move from less desirable older homes to new ones. For example, the Glasgow and Clyde Valley HNDA estimated that the need for social rented homes in the Inverclyde area between 2012 and 2029 was zero.²² Inverclyde Council, however, has set housing supply targets that include 90 affordable homes each year over the LHS period (2017–22). The council has taken this approach to encourage residents to stay in the area and to encourage people from elsewhere to move into the area. Along with River Clyde Homes, a local RSL, the council has commissioned research to establish the extent to which new supply might impact on existing stock. The council will use this to inform future plans. Councils need to assure themselves as far as possible that new-build housing will not negatively affect the management of, and demand for, existing stock.

The quality of new affordable housing is important to ensure long-term value for money

72. The Scottish Government no longer carries out post-completion checks on one-third of the homes that it funds because of limited staff capacity and changed priorities. Instead, it is developing performance measures for new-build development, based on a value for money tool designed by Scotland's Housing Network.²³ This collects data from new-build projects relating to cost, time, quality aspects and resident satisfaction, and compares them. Progress on a pilot exercise has been slow, partly because of the time and costs for councils and RSLs to undertake the work. The Scottish Government is providing funding to Scotland's Housing Network to assist with resident satisfaction surveys. It is not clear how this tool will be used in the longer term. If the pilot exercise is successful, further use of this would allow the Scottish Government and social landlords to more clearly demonstrate the value for money from new-build homes.

73. Some social landlords are working with Architecture and Design Scotland to review their new-build homes, learn lessons and develop new approaches to ensure better design. Architecture and Design Scotland has identified some opportunities for improvements in the design of social housing. For example, this includes better integrating the design of water management, parking, and social and recreational uses into new developments.

74. The Scottish Government's 2019–20 Programme for Government outlined its intentions to set new building standards to reduce energy demand and the associated carbon emissions by 2021.²⁴ In addition, it requires that new homes use renewable or low-carbon heat from 2024. However, it is not clear how the existing subsidy arrangements can help to meet the Scottish Government's climate change commitments. At present, an additional £2,000 grant subsidy per home is available for new homes that meet the greener standard. Between 2016/17 and 2018/19, 66 per cent of new-build approvals for social rent and MMR met the greener standard.

There is evidence of positive wider benefits to the economy and to tenants and local communities

75. The Scottish Government expects that the economic output associated with the 50,000 target will be £1.4 billion per year and that it will support about 10,000 additional jobs. However, it is not possible to quantify the economic

impact of the investment due to the limitations in national reporting which does not include reporting on wider impact. Given the scale of the capital investment that is being made by the Scottish Government and its partners, a more complete understanding of the economic impact would help to demonstrate the links to economic outcomes in the NPF.

76. Councils and RSLs have provided some evidence of the economic benefits of affordable housing investment. For example, many housing contracts have requirements to provide apprenticeship places ([Exhibit 7](#)).

Exhibit 7

Examples of economic benefits from investment in affordable housing

Investment in new affordable housing can help support employment, apprenticeships and work placements.



58
work placements



13
apprenticeships



21
jobs

South Lanarkshire Council's new-build programme has resulted in 58 work placements, 13 new apprentices and created 21 jobs on construction projects since 2015/16.



317
work placements



256
jobs

Link Group Limited creates economy and skills plans as part of its contracts. Through its national programme it has 12 active plans and 22 planned for the future. These should deliver 265 new jobs and 317 work placements.



15
work placements



20
apprenticeships

Clyde Valley Housing Association reported the longer-term commitment of the target has enabled them and their developers to offer a number of community benefits. In 2018/19, this included 20 apprenticeships and 15 work experience placements.

Source: South Lanarkshire Council, Link Group Limited and Clyde Valley Housing Association

77. Councils and RSLs also spoke of the benefits of affordable housing to their tenants and wider communities:

- Some councils carry out a survey of residents in new-build homes. Eighty-two per cent of surveyed residents of The City of Edinburgh Council's new-build homes were very or fairly satisfied with their homes and surroundings.
- RSLs spoke about how they were able to improve outcomes for specific families by providing new accommodation that met their specialist needs by considering them in the design of the new buildings.
- South Lanarkshire Council reported that one of its regeneration programmes has increased demand for housing in that area and reduced antisocial behaviour. The regeneration resulted in 100 per cent overall tenant satisfaction at the point the regeneration programme completed.

- Developers can also contribute to wider community benefits beyond jobs and training, such as sponsoring and supporting community groups or facilitating community activities. This can help to maximise the wider social impact to the community.

78. Councils and RSLs take different approaches to capturing feedback on new homes from tenants. It is not possible to summarise tenant feedback at a national level, however we found evidence of a mixed picture across Scotland during our fieldwork. Some of the feedback social landlords have received from tenants included the following quotations.

What do tenants say?



“My neighbour’s mental health has improved since moving from the high rises to new amenity housing. Mainly because of the social aspects.”

“The house is located on the main road which can be dangerous at times.”

“I have more space in my new home, this helps look after my disabled husband.”

“I think the secured entrance is a positive thing, saves having people I don’t want at my door.”

“My fuel bills reduced by almost three quarters when I moved into my new home.”

Source: Dundee Health and Social Care Partnership and South Lanarkshire Council tenants

79. The Scottish Government is in the early stages of work with the SFHA and ALACHO to develop a tool to monitor the economic and social value of the investment in affordable housing. This is important for identifying the full benefits of investment, to enable the Scottish Government and social landlords to demonstrate value for money. The Scottish Government expects that a prototype system for measuring and analysing economic and social value will be available later in 2020.

Increasing capital investment by councils and RSLs to fund new housing and improve their existing stock could increase rents and reduce affordability for current tenants

80. Alongside capital investment in new homes, councils and RSLs must also invest in their existing stock. In 2018/19, councils’ provisional total capital investment on housing was £738 million. Of this, 53 per cent was spent on improvements to existing council houses and 39 per cent was spent on new council houses.²⁵

81. Some of these capital investment decisions are driven by the Scottish Government, for example the requirements on energy efficiency and fire safety measures ([Exhibit 8, page 32](#)). Other investment decisions will be the result of local priorities. For example, North Lanarkshire Council has a large demolition programme and The City of Edinburgh Council has an ambition to be carbon neutral by 2030.